

**GENERAL ANILINE &  
FILM CORPORATION**

**1945 ANNUAL REPORT**

G291309

G-I\_EPA0018779

# GENERAL ANILINE & FILM CORPORATION

## DIRECTORS

GEORGE E. ALLEN,\*  
Director, Reconstruction Finance Corporation

NEAL DOW BECKER,  
President, Intertype Corporation

COLVIN BROWN,  
Publisher

GEORGE W. BURPEE,\*  
President, General Aniline & Film Corporation

WILLIAM F. CAREY,  
Contractor and Consulting Engineer

WILLIAM H. COVERDALE,\*  
Senior Partner, Coverdale & Colpitts

T. COLBURN DAVIS,  
Chairman, Missouri Pacific Railroad Company

VICTOR EMANUEL,\*  
Chairman, The Aviation Corporation

HERBERT R. GALLAGHER

MATTHEW J. HICKEY, JR.,\*  
Senior Vice President, General Dyestuff Corporation

LOUIS JOHNSON,\*  
President, General Dyestuff Corporation

THOMAS A. O'HARA,\*  
President, Colonial Ice Company and Central States Edison, Inc.

FRED H. RHODES,  
Director, School of Chemical Engineering,  
Cornell University

ALBERT N. WILLIAMS,  
Chairman, The Western Union Telegraph Company

\* Members of Executive Committee.

## PRINCIPAL OFFICERS

GEORGE W. BURPEE, President  
W. I. McNEILL, Vice President and Controller

E. ALLAN WILLIFORD, Vice President  
DAVID B. DYCHE, Treasurer

JOE W. COFFMAN, Vice President  
FRANCIS A. GIBBONS, Secretary

## COUNSEL

T. F. DAVIES HAINES

EXECUTIVE OFFICES: 230 PARK AVENUE, NEW YORK 17, N. Y.

### TRANSFER AGENTS:

CITY BANK FARMERS TRUST COMPANY  
22 William Street, New York 15, N. Y.

CORPORATION TRUST COMPANY  
15 Exchange Place, Jersey City 2, N. J.

### REGISTRARS:

BANK OF THE MANHATTAN COMPANY  
40 Wall Street, New York 15, N. Y.

COMMERCIAL TRUST COMPANY OF NEW JERSEY  
15 Exchange Place, Jersey City 2, N. J.

G291310

G-I\_EPA0018780

# INCOME AND EXPENSE

## CLASSIFIED BY SOURCE AND TYPE

	1945
<b>INCOME:</b>	
The company sold products valued at.....	\$68,659,000
And received interest on government securities, royalties, etc. of.....	915,000
Making total income from these sources of.....	<u>\$69,574,000</u>
<b>EXPENSES:</b>	
To obtain the income shown above, the company spent or set aside, exclusive of taxes, the following approximate amounts for—	
Materials purchased and used .....	\$24,519,000
Wages, salaries and the cost of benefits for employees.....	23,771,000
Commissions paid to others.....	5,546,000
Wear and tear and obsolescence of buildings, machinery and equipment (depreciation), including special provision for depreciation of emergency facilities .....	3,085,000
Other costs and expenses (net), including interest on long term debt.....	2,303,000
To provide for federal, state and local taxes, the company paid or set aside approximately .....	6,690,000
Making a total of.....	<u>\$65,914,000</u>
THERE REMAINED NET PROFIT, before profit on sales of securities, amounting to..	\$ 3,660,000
In addition, the company sold marketable securities at a net profit of.....	241,000
MAKING TOTAL NET PROFIT for the year equal to.....	<u>\$ 3,901,000</u>
The company also sold its investment in Winthrop Chemical Company and added directly to surplus the profit (after Federal taxes) of.....	7,536,000
The total of net profit and profit on sale of the investment in Winthrop Chemical Company was thus.....	<u>\$11,437,000</u>
The company paid its stockholders cash dividends of .....	289,000
(additional dividends of \$4,106,680 were paid in shares of common stock of I. G. Chemie)	
THIS LEFT A BALANCE available for investment in the business and other corporate purposes of .....	<u><u>\$11,148,000</u></u>

# GENERAL ANILINE &

## FILM CORPORATION

### 1945 ANNUAL REPORT

#### TO STOCKHOLDERS:

The management of the company has been in the hands of an American board of directors since March 16, 1942. The present board was nominated by the Alien Property Custodian and first elected by the stockholders in July, 1943. Both the present board and its predecessor have operated in accordance with the policies outlined at the time each was elected in directives from the Secretary of the Treasury and the Custodian, respectively.

Under these directives, the board was instructed to Americanize the company and to apply its activities and facilities to the fullest extent to the war effort. Americanization has been accomplished.

The performance of the company in support of the war effort has been described in previous annual reports and in a special report to the Custodian dated April 11, 1944 which was distributed to stockholders. Until V-J Day the entire organization devoted its energies to the needs of the military services. Dye-stuffs, photographic materials, detergents and Ozalid products were supplied in quantities far in excess of previous records—and without major plant expansion. The camera plant was converted to the successful manufacture of precision instruments. The company was the sole commercial source of carbonyl iron powders. It also developed Polecron resins for use in substitutes for mica and near the end of the

war was engaged in small-scale production of a tackifier that gives promise of greatly improving the quality of synthetic rubber.

Termination of the war has permitted the management to center its attention upon the company's peacetime business. It has likewise brought into focus various problems concerning future operations. In terms of demand for the company's established products and prospective demand for its new products, the outlook is encouraging.

Some of the problems confronting the company are those with which business in general has to deal—such as the narrowing margin between ceiling prices and rising operating expenses, and the increased cost of new construction.

The company has, in addition, certain unusual problems. One is the limitation upon sources of new capital that results from the vesting in the Custodian of title to nearly all of its capital stock. This situation, as a practical matter, prevents normal access to the capital market for both preferred and common stocks and for long-term debt. Another is the possibility of adoption by the Federal government of policies that will impair future earning power by adversely affecting the company's rights under its patents of German origin. Policies relating to these patents are now in process of formulation in Washington.

## RESULTS OF OPERATIONS

Net profit carried to surplus in 1945, including profit of \$241,357 on sale of marketable securities, was \$3,901,349 or \$5.32 per share of Common A Stock as compared with \$4,813,276 or \$6.57 per share in 1944.

Excluding profit on sale of marketable securities, profit in 1945 was \$3,659,992 or \$5.00 per share of Common A Stock. In 1944 profit on a similar basis was \$3,591,929 or \$4.90 per share.

Profit as stated above does not include the capital gain of \$7,536,060 (after Federal taxes) realized during the year from the sale of the investment in Winthrop Chemical Company. This amount was credited directly to unappropriated earned surplus.

Sales in 1945 were \$68,658,864, a decrease of \$4,652,314 or 6.4% from the record total of \$73,311,178 in 1944. Included in 1945 sales was the amount of \$3,186,000 on account of termination claims filed or in process of being filed.

In the first eight months of 1945, sales were at the annual rate of about \$73,600,000 or slightly above 1944. In the last four months of the year, the annual rate averaged approximately \$49,500,000 excluding termination claims. The largest monthly sales in the history of the company were attained in May following which the volume of business declined steadily through August. Sales dropped sharply in September when the impact of cancelled government contracts was most severe. Since September the trend of sales has been generally upward.

Profit from operations was \$10,373,619 or 15.1% of sales in 1945 as compared with \$16,984,637 or 23.2% of sales in the previous year. Operating profit was adversely affected by lower selling prices and higher payroll and other costs, the unfavorable results of which were accentuated by the drop in sales volume during the last four months of the year.

Depreciation charged to costs and expenses amounted to \$2,049,065 (excluding the special provision mentioned below) and was computed on the same general basis as in 1944.

Emergency facilities (excepting those having no indicated postwar use) have been amortized on the books at rates based on the normal lives of such assets. For tax purposes, however, such amortization was computed at the allowed rate of 20% prior to 1945. When the emergency period was ended on September 30, 1945, the company elected, for income tax purposes, to amortize these facilities over the periods from dates of acquisition to September 30, 1945, as permitted by the Internal Revenue Code. Federal income and excess profits taxes for 1945 were reduced by \$1,611,382 because of the excess of amortization computed for tax purposes on the accelerated basis over normal depreciation recorded on the books. As a result of the procedure adopted, the company became eligible for refunds of Federal and state taxes for prior years estimated at \$461,444.

The facilities described above will be subject to future depreciation on the books at rates based on the estimated normal lives, but no further deductions will be allowed for tax purposes. The company has, therefore, provided a special reserve of \$1,036,000 for depreciation of such facilities. This provision, less the estimated amount (\$461,444) of refundable taxes for prior years, or a net amount of \$574,556, was charged to income in 1945.

In 1945 the company entered into so-called "forward pricing" agreements under which \$308,000 was paid to the Government. Remaining profit in 1945 on sales subject to renegotiation is not considered excessive on the basis of the company's experience in renegotiation for 1944, and no provision for refund has been made. Renegotiation proceedings for the year 1944 were settled in 1945 by an agreement to refund to the Government \$4,151,460 which after adjustment of related Federal taxes resulted in a net payment of \$1,162,409. This amount was charged to the "Provision for special accruals due to wartime operations."

Net profit before capital gains on the sale of securities amounted to 5.3¢ on each dollar of sales as compared with 4.9¢ in 1944.

The profit of \$241,357 on sale of securities represented primarily the net gain from the sale of 5,900

shares of the common stock of Libbey-Owens-Ford Glass Company. The distribution, in lieu of a cash dividend, of common stock of Internationale Gesellschaft fuer Chemische Unternehmungen A.G. (I. G. Chemie) resulted in a book loss of \$944,047 which has been charged to appropriated earned surplus.

Comparative statements of consolidated profit and loss for the years ended December 31, 1945 and 1944 are given on page 10. A condensed statement of results of operations for the six years 1940-1945 is shown on page 15.

## DIVIDENDS

Dividends during the year were paid as follows:

To Stockholders of Record	Date Paid	Amount Per Share	
		Common A	Common B
February 26	March 29	\$1.00	\$ .10
June 28	July 23	1.00	.10
August 30	September 24	1.00	.10
November 27	December 24	3.00	.30
		<u>\$6.00</u>	<u>\$ .60</u>

Stockholders were given the option of receiving in lieu of the cash dividend to which they were entitled shares of common stock of I. G. Chemie. Under these options the company distributed to stockholders 41,529 shares of fully paid and 10,286 shares of 50% paid common stock of I. G. Chemie. Out of total dividends of \$4,395,994, the amount of \$4,106,680 was paid in stock of I. G. Chemie and the balance of \$289,314 in cash.

The notice to stockholders regarding the dividend of \$3.00 per share of Common A Stock and 30¢ per share of Common B Stock payable December 24 stated that in determining the amount of the dividend the board of directors had considered, among other things, the non-recurring profit of more than \$8,000,000 (before taxes) realized earlier in the year from the sale of the investment in Winthrop Chemical Company.

## FINANCIAL POSITION

Comparative consolidated balance sheets as of December 31, 1945 and 1944 are given on pages 8 and 9.

## WORKING CAPITAL

Cash and government securities at the end of 1945 amounted to \$18,570,465, or \$10,657,188 in excess of total current liabilities.

Accounts receivable were \$8,449,941 at December 31, 1945, an increase of \$1,504,064 during the year. The increase was more than accounted for by the inclusion in accounts receivable of termination claims and refundable taxes in the amount of \$3,166,345.

Inventories of \$23,052,711 were priced at the lower of average estimated cost or market. Of the increase of \$2,082,847 in inventories in 1945, more than half was represented by raw materials.

Notes payable to banks in the amount of \$500,000 consist of the maturities of \$250,000 each due May 1 and November 1 on the serial bank loan of \$10,000,000 described later in this report.

The provision for special accruals due to wartime operations which amounted to \$1,200,000 at the end of 1944 was absorbed during the year by the following charges or credits:

Provision at beginning of year	\$1,200,000	
Add—Estimated renegotiation rebate and related tax adjustments applicable to 1944 and prior years on account of accelerated amortization of emergency facilities.....	146,538	<u>\$1,346,538</u>
Deduct — Renegotiation refund for 1944 (after Federal taxes) .....	\$1,162,409	
—Credit to cost of sales as a partial offset to reconversion costs included therein ....	184,129	<u>\$1,346,538</u>

Net current assets increased \$11,716,238 during the year as follows:

	December 31		Increase
	1945	1944	
Current Assets.	\$50,073,117	\$40,229,787	\$ 9,843,330
Current Liabilities .....	7,913,277	9,786,185	(1,872,908)
Net Current Assets ...	<u>\$42,159,840</u>	<u>\$30,443,602</u>	<u>\$11,716,238</u>

The increase in net current assets is explained below:

#### Source of Funds:

##### Operations—

Net profit for the year, before security profits .....	\$ 3,659,992
Depreciation charges to profit and loss (including special provision of \$1,036,000 for depreciation of emergency facilities) .....	3,085,065
Total funds provided by operations .....	\$ 6,745,057
Proceeds from public auction of Winthrop Chemical Company investment less applicable Federal tax...	8,680,069
Proceeds from sale of marketable securities, less applicable Federal tax .....	243,323
Total funds provided....	<u>\$15,668,449</u>

#### Application of Funds:

Additions to plant and equipment, less retirements and sales of \$167,165...	\$ 3,163,663
5½% debentures redeemed in 1945.....	\$10,000,000
Less proceeds from 17½% serial notes used therefor .....	10,000,000
Dividends—	
Dividends paid .....	\$ 4,395,994
Less — I. G. Chemie stock taken by stockholders in lieu of cash .....	4,106,680
Changes in reserves and other items (net) .....	499,234
	<u>\$ 3,952,211</u>
Increase in net current assets.....	11,716,238
Total funds applied.....	<u>\$15,668,449</u>

#### INVESTMENTS

The company sold at public auction on April 23, 1945 its investment in all the outstanding Class B Stock of Winthrop Chemical Co. (Delaware) for \$9,500,000. After applicable Federal taxes and expenses the net proceeds were \$8,680,069 and the profit

\$7,536,060. The sale of 5,900 shares of common stock of Libbey-Owens-Ford Glass Co. has previously been reported to stockholders.

Investments are now confined to government securities and state and municipal bonds of which \$178,319 are deposited with the State of New York under the Workmen's Compensation Act, and shares of common stock of I. G. Chemie (name changed in December, 1945 to Internationale Industrie-und Handelsbeteiligungen A. G.) as follows:

Fully paid common stock.....	14,771 shares
50% paid common stock.....	1,139 shares

The shares of I. G. Chemie are carried at \$1,667,985 which is based on market quotations at December 31, 1940 (See Note 2, page 12).

#### PLANT AND EQUIPMENT

Additions to plant and equipment amounted to \$3,330,828 in 1945 as compared with \$2,587,848 in the previous year. During the year construction was begun on several major projects. These included a new dryroom building and extension of facilities for manufacturing dyestuff intermediates at the Rensselaer plant, a new power plant to serve the Ansco film plant at Binghamton and a new building and coating machine at Johnson City which together with improvements to the Detroit and Oakland plants is expected approximately to double capacity of the Ozalid Division.

Expenditures for maintenance and repairs amounted to about \$4,718,000, an increase of \$918,000 over 1944.

#### REFINANCING

On November 1, 1945 the entire outstanding \$10,000,000 of 5½% debentures due May 1, 1949 were called for redemption at their principal amount. In connection with the redemption, unamortized discount and expense of \$165,365 was charged to income. At the same time the company borrowed \$10,000,000 from a group of twelve banks in the form of serial notes due in installments of \$250,000 semi-annually for the first three years, \$500,000 semi-annually for the next six and one-half years and \$2,000,000 on November 1, 1955. The notes are unsecured and bear interest at the rate of 17½%.

## RESERVE FOR CONTINGENCIES

The reserve of \$1,000,000 for contingencies, which was provided from earnings in 1940 and 1941, is unchanged. It is available to absorb such inventory losses as may in the future result from the termination in 1945 of substantially all the military demand for dyestuffs and related products.

## RECONVERSION

Except for special war products manufactured in the camera plant, the company has supplied the Government with materials of the same general character and produced in the same type of equipment as normally support its peacetime business. Reconversion has, therefore, involved primarily changes in manufacturing schedules to conform to the civilian pattern of demand and to reestablish balanced inventories at the company's plants and branches and in the hands of distributors and dealers. This process has been slowed by shortages of certain raw materials and intermediates, but is now approaching completion.

Resumption of camera manufacture on a large scale will require more time. Two government contracts will not be completed until June, 1946; equipment owned by the Navy must be removed from the plant, new equipment installed and assembly lines reestablished. Furthermore, production has been delayed by shortages of materials, particularly lenses and shutters. However, a representative line of amateur cameras, including a number of new models, is in production and other models will be added in the near future.

## EXPORTS

Further progress has been made in establishing sales arrangements in foreign countries, particularly Latin America, for the export of Ansco and Ozalid products. The company's sales agent for dyestuffs, General Dyestuff Corporation, has likewise expanded its export outlets. Because of inadequate capacity the company has been able to supply only a small part of the export demand. Exports in 1945, includ-

ing sales by the company's Canadian subsidiary, amounted to approximately 7% of total sales.

## EXPANSION PLANS

In the principal fields in which it is engaged the company has outstanding products of established acceptance for which present or prospective demand is in excess of capacity. It also has developed various new products or new applications for existing products that have attractive possibilities.

Ansco color products, for example, have been released to the market in the form of sheet film, various sizes of roll film, miniature camera film, 16 mm. amateur motion picture film and Printon. Color film requires multiple layer coating. To supply adequately the market for color products and at the same time take care of the company's black and white film business, a substantial increase in coating and related facilities will be needed.

Through research, processes have been developed for the manufacture of numerous new dyestuffs, some formerly imported. In addition, the company's established dyestuffs, notably such specialties as the Algosols and Heliogens, have growing markets for which additional capacity should be provided.

New markets are also appearing for synthetic detergents. Additional facilities will be required to take advantage of them.

The Ozalid Division is extending its markets and developing various new uses for its sensitized materials. During the year an improved reproduction machine, the Printmaster, was successfully introduced. To provide for prospective increased demand for Ozalid products, manufacturing capacity is in process of being doubled.

Reference has been made to other essential projects that are already under construction.

Working capital presently available and earnings in the next few years should provide funds for part of the new construction that now seems desirable. The management intends to proceed with a program of expansion and improvement as rapidly as business conditions and the financial resources of the company warrant.



## RESEARCH

The management believes that a comprehensive research program is essential for the development of the company's business. Expenditures for research in 1945 approximated 4% of sales and it is intended to continue the program on a substantial scale.

## INDUSTRIAL RELATIONS

Relations between management and employees continue on a generally satisfactory basis. No strikes occurred in 1945 but several unauthorized work stoppages of short duration reflected the strain of four years of wartime operation.

The total number of employees increased from 7,642 in January, 1945 to 8,995 in January, 1946, the highest level in the history of the company. The 1945 rate of labor turnover was less than half that of the national average as reported by the National Industrial Conference Board.

Since October, 1940, 2,260 employees have entered the military services. Of these 57 have died in service and 950—86% of those discharged—are again at work for the company. In addition, 976 veterans, new to the company, have been employed. At the end of the year 1,105 employees were still in military service.

The company's coordinator of veteran's re-employment, in cooperation with the plant physicians, personnel departments and selective service representatives, has developed procedures to insure that each veteran is placed at the type of work for which he is best suited. Under the provisions of the G. I. Bill of Rights, veterans are being trained at the Central Research Laboratory. This program is also being extended to other divisions of the company.

Twelve labor union contracts were negotiated during the year. Following V-J Day plans were developed for returning operations to a 40-hour week. These plans have been put into effect as rapidly as practicable. At the same time, hourly wages were generally increased about 15% and salaries of tech-

nical employees and others, except in the higher brackets, were increased to preserve the relationship with wages, to meet competitive conditions and to adjust inequalities.

Vacation plans for both hourly and salaried employees have been liberalized. A schedule of sick benefit allowances for non-compensable illness was adopted for hourly and salaried employees.

The company's program of supervisory training and education is being further extended. Testing programs, in operation at all plants, have been helpful in the proper selection and placement of employees.

The retirement plan and the group life insurance plan operated successfully throughout the year.

## BOARD OF DIRECTORS

George E. Allen and Fred H. Rhodes, were elected to the board at the annual meeting of stockholders on April 10, 1945.

## ACKNOWLEDGMENT

The directors extend their sincere thanks to the men and women of the General Aniline & Film organization whose efforts have been primarily responsible for the results of the past year.

The Hon. James E. Markham, Alien Property Custodian, and the members of his staff have continued to render the company valuable counsel and assistance. The directors and officers take pleasure in expressing their appreciation.

By order of the Board of Directors,

GEORGE W. BURPEE,  
*President.*

New York,  
March 25, 1946.

ARTHUR ANDERSEN & CO.

AUDITORS' REPORT

*To the Board of Directors,  
General Aniline & Film Corporation:*

We have examined the consolidated balance sheet of General Aniline & Film Corporation (a Delaware corporation) and subsidiary companies as of December 31, 1945, and the statements of consolidated profit and loss and earned surplus for the year then ended, have reviewed the systems of internal control and the accounting procedures of the companies, and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. We had previously made a similar examination for the year 1944. We were unable to obtain direct confirmation of certain receivables from Government departments and agencies, but we satisfied ourselves as to such receivables by other audit procedures.

Except for the effect of possible adjustments in connection with the investment referred to in Note 2 to the consolidated financial statements, about which we are unable to express an opinion, the accompanying consolidated balance sheet and related statements of consolidated profit and loss and earned surplus, in our opinion, present fairly the consolidated position of the companies at December 31, 1945, and the results of their operations for the year ended that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ARTHUR ANDERSEN & Co.

New York, N. Y.,  
March 9, 1946.

# GENERAL ANILINE & FILM CORP.

## CONSOLIDATED

ASSETS	December 31	
	1945	1944
<b>CURRENT ASSETS:</b>		
Cash on hand and demand deposits .....	\$ 5,858,738	\$ 8,854,005
U. S. and Canadian Government securities (at the lower of cost or market) ..	12,711,727	3,460,041
Receivables—		
General Dyestuff Corporation (Note 1) .....	\$ 1,781,413	\$ 2,599,183
U. S. Government departments and agencies (including in 1945 termination claims and refundable taxes of \$3,166,345) .....	3,698,339	2,212,964
Other .....	3,142,264	2,327,417
Less—Reserve for doubtful receivables .....	(172,075)	(193,687)
	<u>\$ 8,449,941</u>	<u>\$ 6,945,877</u>
Inventories (including \$2,414,712 in 1945 and \$1,973,150 in 1944 on consignment with General Dyestuff Corporation), priced at the lower of average estimated cost or market—		
Finished goods .....	\$ 6,793,551	\$ 6,552,876
Goods in process .....	9,635,568	9,131,555
Raw materials .....	4,989,052	3,899,605
Supplies, containers and goods in transit .....	1,634,540	1,385,828
	<u>\$23,052,711</u>	<u>\$20,969,864</u>
Total current assets .....	<u>\$50,073,117</u>	<u>\$40,229,787</u>
<b>INVESTMENTS:</b>		
Marketable securities, at the lower of cost or market .....	\$ 178,319	\$ 180,285
Winthrop Chemical Company (Del.), at cost .....	—	1,144,009
Postwar refund of excess profits tax .....	—	3,397
	<u>\$ 178,319</u>	<u>\$ 1,327,691</u>
INVESTMENT IN COMMON STOCK OF INTERNATIONALE GESELLSCHAFT FUER CHEMISCHE UNTERNEHMUNGEN A. G., BASLE, SWITZERLAND (Note 2) .....	\$ 1,734,104	\$ 7,381,179
Less—Deferred uncalled for balance on 50% paid stock .....	66,119	662,467
	<u>\$ 1,667,985</u>	<u>\$ 6,718,712</u>
<b>FIXED ASSETS, at cost (Note 3):</b>		
Land .....	\$ 1,055,249	\$ 778,327
Buildings and building equipment .....	14,956,573	13,780,359
Machinery, equipment, etc. ....	26,079,405	24,680,920
	<u>\$42,091,227</u>	<u>\$39,239,606</u>
Less—Reserves for depreciation (including special obsolescence reserve of \$4,301,350) .....	20,945,798	18,172,775
	<u>\$21,145,429</u>	<u>\$21,066,831</u>
PATENTS, TRADE-MARKS AND FORMULAS .....	\$ 1	\$ 1
<b>PREPAID EXPENSES AND DEFERRED CHARGES:</b>		
Prepaid insurance, taxes, etc. ....	\$ 424,919	\$ 375,956
Unamortized debenture discount and expense .....	—	199,977
Deferred engineering and tooling expense .....	109,839	65,561
	<u>\$ 534,758</u>	<u>\$ 641,494</u>
	<u>\$73,599,609</u>	<u>\$69,984,516</u>

Reference is made to the accompanying notes to the financial statements.

ION AND SUBSIDIARY COMPANIES  
BALANCE SHEETS

	December 31	
	1945	1944
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Notes payable to banks .....	\$ 500,000	\$ —
Accounts payable .....	2,936,037	2,282,183
Taxes withheld at source .....	567,835	507,646
Accrued taxes, wages, etc. ....	1,324,233	1,743,864
Provision for special accruals due to wartime operations (Note 4) .....	—	1,200,000
Provision for Federal income and excess profits taxes .....	7,795,953	12,625,852
Less—U. S. Treasury Notes, Series C .....	(5,210,781)	(8,573,360)
Total current liabilities .....	\$ 7,913,277	\$ 9,786,185
<b>LONG TERM DEBT:</b>		
Notes payable to banks (interest 17½% per annum; due serially from 1947 to 1955) .....	\$ 9,500,000	\$ —
5½% debentures, due May 1, 1949 (redeemed in 1945) .....	—	10,000,000
<b>RESERVES:</b>		
Contingencies .....	\$ 1,000,000	\$ 1,000,000
Workmen's compensation self insurance, etc. ....	466,537	575,725
	\$ 1,466,537	\$ 1,575,725
<b>CONTINGENT LIABILITIES (Note 5)</b>		
<b>CAPITAL STOCK AND SURPLUS (Note 6):</b>		
Capital stock—		
Common A stock of no par value, stated at \$25.00 per share, authorized 3,000,000 shares, issued 529,701 shares .....	\$13,242,525	\$13,242,525
Common B stock of \$1.00 par value, authorized and issued 3,000,000 shares .....	3,000,000	3,000,000
Capital surplus .....	12,902,432	12,902,432
Earned surplus, per accompanying statement—		
Unappropriated .....	24,972,492	13,824,397
Appropriated pending determination of value of investment in Internationale Gesellschaft fuer Chemische Unternehmungen A. G., Basle, Switzerland (Note 2) .....	1,667,985	6,718,712
	\$55,785,434	\$49,688,066
Deduct—Stock held in treasury—		
Common A stock, 2,036.02 shares in 1945 and 2,034.02 shares in 1944, at cost .....	\$ 115,639	\$ 115,460
Common B stock, 950,000 shares, at par value of \$1.00 per share (cost \$1,900,000) .....	950,000	950,000
	\$ 1,065,639	\$ 1,065,460
Total capital stock and surplus .....	\$54,719,795	\$48,622,606
	<u>\$73,599,609</u>	<u>\$69,984,516</u>

in part of the above consolidated balance sheets.

# GENERAL ANILINE & FILM CORPORATION AND SUBSIDIARY COMPANIES

## STATEMENTS OF CONSOLIDATED PROFIT AND LOSS

	Year Ended December 31 1945	1944
NET SALES (Note 1) .....	\$68,658,864	\$73,311,178
COST OF SALES .....	42,220,164	40,250,601
Gross profit on sales .....	<u>\$26,438,700</u>	<u>\$33,060,577</u>
DEDUCT:		
Commissions to General Dyestuff Corporation, sales agent for dyestuffs (Note 1) .....	\$ 5,480,016	\$ 6,024,248
Other selling, general and administrative expenses .....	10,585,065	10,051,692
	<u>\$16,065,081</u>	<u>\$16,075,940</u>
Profit from operations .....	<u>\$10,373,619</u>	<u>\$16,984,637</u>
OTHER INCOME:		
Dividends and interest on securities .....	\$ 253,610	\$ 653,440
Royalties, discount on purchases, etc. ....	661,312	439,508
	<u>\$ 914,922</u>	<u>\$ 1,092,948</u>
OTHER DEDUCTIONS:		
Interest and amortization on debentures .....	\$ 658,310	\$ 865,879
Interest on other long term debt .....	31,250	—
Discount on sales, etc. ....	442,989	496,777
	<u>\$ 1,132,549</u>	<u>\$ 1,362,656</u>
Total .....	<u>\$10,155,992</u>	<u>\$16,714,929</u>
PROVISION FOR FEDERAL INCOME AND EXCESS PROFITS TAXES AND SPECIAL CHARGES (Note 3):		
Normal tax and surtax .....	\$ 1,090,000	\$ 1,121,000
Excess profits tax .....	4,831,444	11,002,000
Special provision for depreciation of emergency facilities (\$1,036,000), less prior years' tax credits resulting from accelerated amortization .....	574,556	—
Provision for special accruals due to wartime operations (renegotiation, deferred costs related to the war period, etc.) (Note 4) .....	—	1,000,000
	<u>\$ 6,496,000</u>	<u>\$13,123,000</u>
Net profit before profit on sale of securities .....	<u>\$ 3,659,992</u>	<u>\$ 3,591,929</u>
PROFIT ON SALE OF SECURITIES (Less Federal income tax of \$80,452 in 1945— no tax in 1944) .....	241,357	1,221,347
Net profit transferred to unappropriated earned surplus .....	<u>\$ 3,901,349</u>	<u>\$ 4,813,276</u>

The profit of \$7,536,060 (after Federal taxes) on the sale of the Winthrop Chemical Company investment in 1945 was credited directly to unappropriated earned surplus.

Provision for depreciation charged to costs and expenses amounted to \$2,049,065 in 1945 (exclusive of special provision) and \$1,879,245 in 1944.

*Reference is made to the accompanying notes which are an integral part of the above statements.*

# GENERAL ANILINE & FILM CORPORATION AND SUBSIDIARY COMPANIES

## STATEMENT OF CONSOLIDATED EARNED SURPLUS

For the Year Ended December 31, 1945

### UNAPPROPRIATED

Balance December 31, 1944 .....		\$13,824,397
Net profit for the year ended December 31, 1945 .....		3,901,349
Profit on sale of Winthrop Chemical Company investment (\$8,344,477), less Federal tax applicable thereto .....		7,536,060
Amount transferred from appropriated earned surplus in respect of 41,529 shares of fully paid and 10,286 shares of 50% paid stock of I. G. Chemie accepted in lieu of cash by certain stockholders of General Aniline & Film Corporation in payment of dividends .....		4,106,680
		<u>\$29,368,486</u>
Dividends paid:		
Common A—\$6.00 per share .....	\$3,165,994	
Common B—\$0.60 per share .....	1,230,000	4,395,994
		<u>                    </u>
Balance December 31, 1945 .....		<u>\$24,972,492</u>

### APPROPRIATED

(Appropriated pending determination of value of investment in Internationale  
Gesellschaft fuer Chemische Unternehmungen A. G., Basle, Switzerland—Note 2)

Balance December 31, 1944 .....		\$ 6,718,712
Deduct:		
Excess of carrying value (quoted market value on Zurich, Switzerland exchange at December 31, 1940) over amount used for dividend purposes in respect of 41,529 shares of fully paid and 10,286 shares of 50% paid stock of I. G. Chemie .....	\$ 944,047	
Amount transferred to unappropriated earned surplus in respect of 41,529 shares of fully paid and 10,286 shares of 50% paid stock of I. G. Chemie accepted in lieu of cash by certain stockholders of General Aniline & Film Corporation in payment of dividends .....	4,106,680	5,050,727
		<u>                    </u>
Balance December 31, 1945 .....		<u>\$ 1,667,985</u>

*Reference is made to the accompanying notes which are an integral part of the above statement.*

# GENERAL ANILINE & FILM CORPORATION AND SUBSIDIARY COMPANIES

## Notes to Consolidated Financial Statements For the Year Ended December 31, 1945

1. *Distribution of Dyestuffs:* The dyestuffs and textile auxiliaries manufactured by the company are, with some minor exceptions, sold exclusively by General Dyestuff Corporation under arrangements more fully described in the Annual Report for 1942. Title to all of the capital stock of General Dyestuff Corporation has been vested in the Alien Property Custodian of the United States of America.
2. *Investment in I.G. Chemie:* On December 31, 1945, the company owned 14,771 shares of fully paid and 1,139 shares of 50% paid Common Stock of I.G. Chemie. The stock is stated at quoted market value as of December 31, 1940, which is \$1,050,021 less than cost. Owing to unsettled world conditions, the management has considered Swiss market quotations since December 31, 1940 to be of doubtful significance. For this reason, and in the absence of information as to the value of the net assets of I.G. Chemie, no adjustment of the share value of the stock has been made since that date; however, in 1942 the board of directors appropriated earned surplus in an amount equal to the net carrying value of the investment.

The company has been informed that in December 1945 I.G. Chemie changed its name to Internationale Industrie-und Handelsbeteiligungen A.G.

3. *Emergency Facilities:* The company has followed the policy of amortizing emergency facilities (excepting those having no indicated postwar use) at rates based on the normal lives of such assets, but, for tax purposes, such amortization was computed at the allowed rate of 20% prior to 1945. When the emergency period was ended on September 30, 1945, the company elected, for income tax purposes, to amortize such facilities over the periods from dates of acquisition to September 30, 1945, as permitted by the Internal Revenue Code. Federal income and excess profits taxes for 1945 were reduced by \$1,611,382 due to the excess of amortization computed for tax purposes on the accelerated basis over the normal depreciation recorded on the books. As a result of the election, the company became eligible for refunds of Federal and state taxes for prior years estimated to be \$461,444.

These facilities will be subject to future depreciation on the books at rates based on the estimated normal lives, but no further deductions will be allowed for income tax purposes. In recognition of that factor, the company, at the time of recording the reduction in Federal tax provision for the current year and the refundable taxes of prior years, provided a special reserve of \$1,036,000 for depreciation of such facilities. Such provision, less the estimated amount of refundable taxes for prior years, is shown as a special charge in the accompanying statement of profit and loss.

4. *Renegotiation:* Renegotiation proceedings for the year 1944 were completed in 1945 and the company paid \$1,162,409 (net after Federal taxes) to the Government, which amount was charged to the balance sheet account, "Provision for special accruals due to wartime operations". The estimated renegotiation rebate due to accelerated amortization (See Note 3) and the estimated New York State franchise taxes (less the applicable Federal tax) refundable as a result of renegotiation payments, aggregating \$146,538, have been credited to the same account. The balance of \$184,129 in the account was credited to cost of sales as a partial offset to reconversion costs included therein.

Based on the company's experience in renegotiation proceedings for 1944, it is the opinion of the management that the profit on 1945 renegotiable business will not be considered to be excessive; consequently, no provision for renegotiation has been made.

5. *Contingent Liabilities:* At December 31, 1945, there were certain civil lawsuits and claims pending against the company, which, in the opinion of the management, are immaterial in relation to the total assets or operations of the companies. In addition, four indictments have been returned against the company for alleged violation, prior to February 1942, of the Anti-Trust laws.

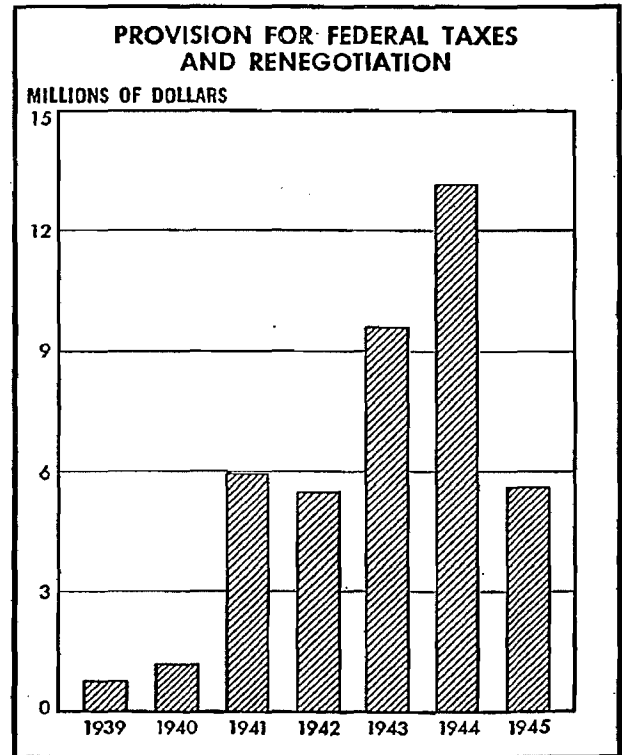
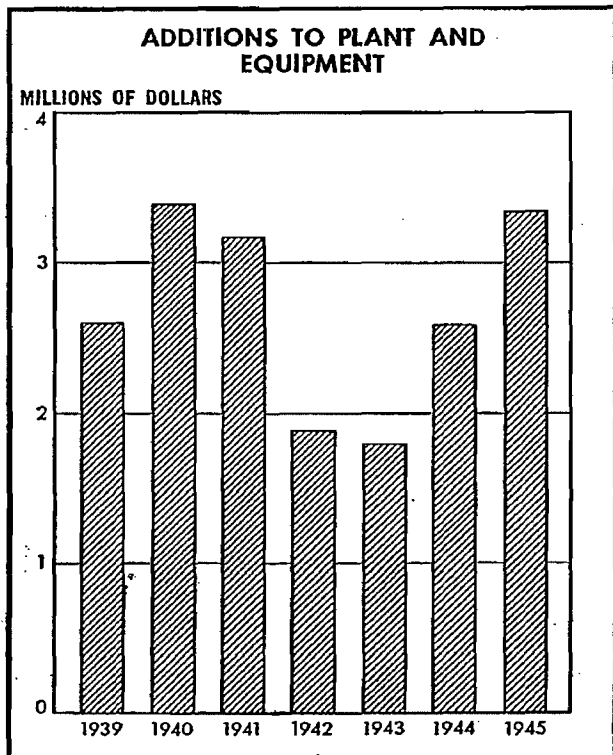
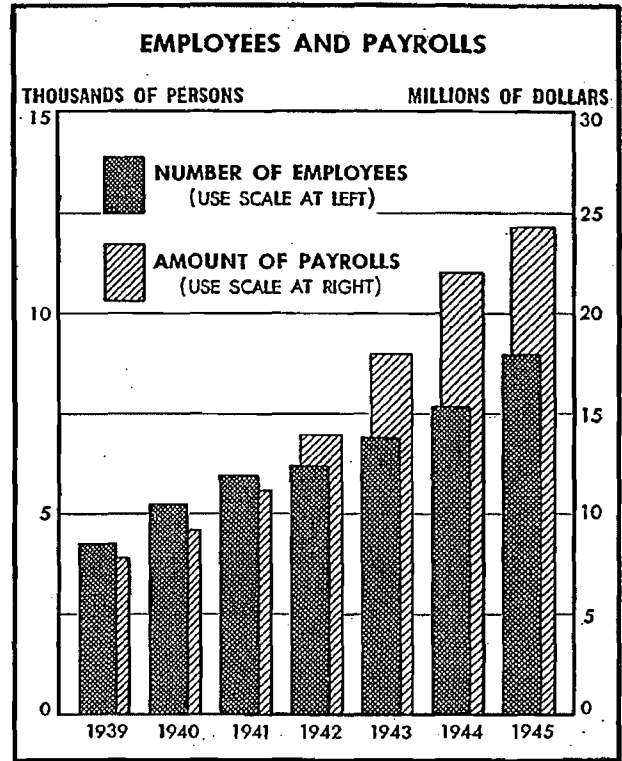
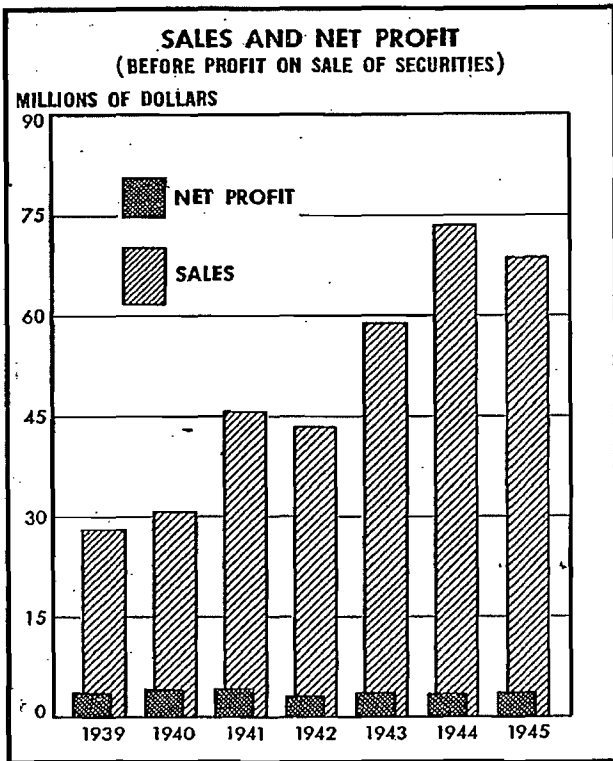
6. *Liquidation and Dividend Preferences:* The Certificate of Incorporation of the company, as amended, provides that in the case of liquidation or dissolution of the company, holders of Common A Stock shall first receive not in excess of \$75 per share of the assets available for distribution and thereafter shall participate in any remaining assets, share for share, with holders of the Common B Stock. The aggregate of the preference on liquidation or dissolution in respect of the 527,664.98 shares of Common A Stock outstanding is \$26,383,249 in excess of the aggregate stated value of such stock. In the opinion of counsel for the company, there are no restrictions upon surplus growing out of the fact that the amount to which the holders of the Common A Stock are entitled in liquidation exceeds the stated value thereof.

The Certificate of Incorporation also provides that "for each one dollar (\$1.00) or fraction thereof, of dividends, declared and paid on each share of Common A Stock, dividends of ten (10) cents or fraction thereof, shall be declared and paid on each share of Common B Stock, and no dividend shall be declared and paid on either Common A or Common B Stock, unless at the same time dividends as herein provided are declared and paid on both Common A and Common B Stock".

As of December 31, 1945, title to 475,655 shares of 527,664.98 outstanding shares of Common A Stock and all of the outstanding shares of Common B Stock of the company was vested in the Alien Property Custodian.

7. *Patents:* Reference is made to the comments contained in the President's letter on page 1 regarding the company's patents.





# GENERAL ANILINE & FILM CORPORATION

## RESULTS OF OPERATIONS

For the Six Years Ended December 31, 1945

	1945	1944	1943	1942	1941(2)	1940(2)
Net sales .....	\$68,658,864	\$73,311,178	\$58,807,790	\$43,240,715	\$45,644,761	\$30,893,302
Profit from operations.....	\$10,373,619	\$16,984,637	\$13,551,713	\$ 9,064,703	\$10,106,762	\$ 4,763,535
Dividends and interest on securities.....	253,610	653,440	657,561	690,015	1,446,126	1,394,956
Other income .....	661,312	439,508	334,974	250,061	296,881	266,656
Miscellaneous (deductions) .....	(442,989)	(496,777)	(362,060)	(394,777)	(345,717)	(232,520)
	\$10,845,552	\$17,580,808	\$14,182,188	\$ 9,610,002	\$11,504,052	\$ 6,192,627
Interest on long term debt, including amortization of debenture discount and expense in 1945, 1944, 1943 and 1942.....	689,560	865,879	1,025,579	1,103,873	1,070,813	1,232,440
	\$10,155,992	\$16,714,929	\$13,156,609	\$ 8,506,129	\$10,433,239	\$ 4,960,187
Dividends on stock of I. G. Chemie.....	—	—	—	—	450,626	646,521
	\$10,155,992	\$16,714,929	\$13,156,609	\$ 8,506,129	\$10,883,865	\$ 5,606,708
Provision for Federal income and excess profits taxes and special charges:						
15 Federal income and excess profits taxes.....	5,921,444	12,123,000	8,989,267	5,339,705	5,985,926	1,150,651
Special provision for depreciation of emergency facilities (\$1,036,000), less prior years' tax credits resulting from accelerated amortization	574,556	—	—	—	—	—
Provisions for contingencies and for special accruals due to wartime operations (renegotiation, deferred costs related to the war period, etc.)..	—	1,000,000	562,273	109,250	782,208	350,000
Net profit before profit on sale of securities.....	\$ 3,659,992	\$ 3,591,929	\$ 3,605,069	\$ 3,057,174	\$ 4,115,731	\$ 4,106,057
Per share of Common A stock.....	\$5.00	\$4.90	\$4.92	\$4.17	\$5.61	\$5.59
Profit on sale of securities (less Federal income tax of \$94,828 in 1942; \$14,295 in 1943; no tax in 1944 and \$80,452 in 1945).....	241,357	1,221,347	457,458	317,043	—	—
Net profit .....	\$ 3,901,349(1)	\$ 4,813,276	\$ 4,062,527	\$ 3,374,217	\$ 4,115,731	\$ 4,106,057
Per share of Common A stock.....	\$5.32	\$6.57	\$5.54	\$4.61	\$5.61	\$5.59
Provision for depreciation charged to costs and expenses .....	\$ 2,049,065	\$ 1,879,245	\$ 1,904,425	\$ 1,555,167	\$ 1,830,953	\$ 1,648,854

NOTES:

- (1) The profit of \$7,536,060 (after Federal taxes) on the sale of the Winthrop Chemical Company investment in 1945 was credited directly to unappropriated earned surplus.
- (2) Income accounts for the years 1941 and 1940 have been restated to conform to the classification followed in subsequent years. Unamortized debenture discount and expense, previously written off, was restored in 1942. Had amortization of debenture discount and expense been charged to income in 1941 and 1940, earnings in those years would have been reduced by \$252,587 and \$103,970, respectively.

# PLANTS AND OFFICES

## **Executive Offices**

230 Park Avenue, New York 17, New York

## **Manufacturing Plants**

### **General Aniline Works Division**

Grasselli, New Jersey; Rensselaer, New York

### **AnSCO Division**

Binghamton, New York

### **Oxalid Division**

Johnson City, New York; Detroit, Michigan; Oakland, California

## **Central Research Laboratory**

Easton, Pennsylvania

## **Offices of General Aniline Works Division**

435 Hudson Street, New York 14, New York

## **Offices of AnSCO Division**

Binghamton, New York; Chicago Illinois; Cincinnati, Ohio; Dallas, Texas;  
Los Angeles, California; New York, New York; San Francisco, California;  
Washington, D. C.; Toronto, Canada

## **Offices of Oxalid Division**

Atlanta, Georgia; Buffalo, New York; Chicago, Illinois; Detroit, Michigan;  
Johnson City, New York; Los Angeles, California; New York, New York;  
Oakland, California

# PRODUCTS

## General Aniline Works Division

### Dyestuffs and Pigments

(for textiles, paper, leather, furs, plastics, paints, inks and other purposes)

Vat

Azo (acid, basic, chrome, direct)

Triphenylmethanes (acid, basic)

Alizarines

Algosols

Heliogens

Naphthols

Fast-color salts and bases

Rapidogens and rapid fast colors

Cellitons and cellitazols

Lake colors

Sulphur colors

Azosols, nigrosines and sudans

### Dyestuff Intermediates

### Detergents

### Textile Auxiliaries for

Wetting

Mothproofing

Fireproofing

Cleansing

Dispersing

Finishing

Leveling

### Mildew Preventives

### Tanning Agents

### Carbonyl Iron Powders

### Iron Carbonyl

### Polectron Dielectric Resins

## Ozalid Division

### Ozalid White-print Machines

### Dry Photo Paper

### Ozalid Sensitized Papers, Cloths,

Foils and Films

### Ozalid Chartfilm

### Ozachrome

## AnSCO Division

### Amateur Film

Roll film

35mm. cartridge film

16mm. and 8mm. motion picture film

### Professional Film

Portrait film

Graphic arts film

Film packs

35mm. motion picture film

### X-Ray Film

Industrial

Medical

Dental

### Special Purpose Film

Aerial

Microcopying

Cirkut or panorama

### Photographic Paper

Contact

Projection

Proof

Reflex printing

### AnSCO Color Products

16mm. motion picture film

Roll film

35mm. cartridge film

Cut sheet film

Printon

Color paper

Chemicals and sundry items

### Amateur Cameras & Accessories

AnSCO reflex cameras

Speedex cameras

Viking cameras

Clipper cameras

Pioneer cameras

Panda cameras

Cadet cameras

Amateur camera accessories

### Professional Cameras & Accessories

Studio cameras and outfits

Commercial view cameras

Universal view cameras

Professional camera accessories

### Densitometers

### Photographic Chemicals

### Template Emulsions

### Darkroom Equipment and Supplies